

RECEIVED
SURFACE TRANSPORTATION
BOARD

OCT 22 9 18 AM '97

NorRail®, Inc.
Buying, Selling, Leasing
And Management of Railcars

308 12th Avenue South, Buffalo, Minnesota 55313 • Phone: (612) 557-0215 • Fax: (612) 682-2452

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

October 2, 1997
RECORDATION NO. 20948 FILED

OCT 22 '97 9-18AM

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two originals of Memorandum of Railcar Lease Agreement dated as of June 16, 1997, a primary document as defined in the Board's Rules for Recordation of Documents.

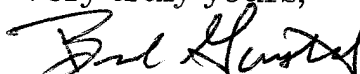
The names and addresses of the parties to the enclosed documents are:

Lessor: NorRail, Inc.
308 - 12th Avenue South
Buffalo, MN 55313
Phone: 612-557-0215

Lessee: Koch Fisher Mills, LLC
3235 - 16th Avenue
Seattle, WA 98134
Phone: 800-426-0101

The Memorandum of Railcar Lease Agreement covers 26 - 5125 P.D. Covered Hoppers which are identified in Exhibit A to the Memorandum of Railcar Lease Agreement. Enclosed is our check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one stamped copy of the enclosed document to the undersigned. If you have any questions or require any further information in connection with this filing, please contact the undersigned at 612-557-0215.

Very truly yours,


Bradley C. Gunstad
General Counsel

Enclosures

MEMORANDUM OF RAILCAR LEASE AGREEMENT

OCT 22 '97

9-18AM

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is made and entered into as of August 22, 1997 by and between NorRail, Inc., a Minnesota Corporation ("Lessor") and Koch Fisher Mills, LLC, a Washington Corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor various railcars pursuant to one or more Schedules to the Lease to be entered into by Lessor and Lessee from time to time, all as more particularly described in that certain Rail Car Lease Agreement No. 1747 dated August 22, 1997 between Lessor and Lessee (hereinafter referred to as the "Lease"). Sept.
2. Pursuant to Schedule No. 1 to the Lease, Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the twenty six (26) 5125 P.D. Covered Hopper Railcars bearing the reporting marks and road numbers indicated on Exhibit A hereto, all as more particularly described in the Lease.
3. The Lease shall be effective as of the execution date thereof and shall be subject to the term of the Lease, as provided therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

Lessee: NORRAIL, INC.

By: [Signature]Its: U.P. SPYERBy: [Signature]Its: Vice President

Lessor: KOCH FISHER MILLS, LLC

By: Harold H. OsbornIts: V.P. LogisticsBy: [Signature]Its: Controller

**Exhibit A to
Memorandum of Railcar Lease Agreement**

- | | |
|----------------|----------------|
| 1. NRLX051280 | 14. NRLX051293 |
| 2. NRLX051281 | 15. NRLX051294 |
| 3. NRLX051282 | 16. NRLX051295 |
| 4. NRLX051283 | 17. NRLX051296 |
| 5. NRLX051284 | 18. NRLX051297 |
| 6. NRLX051285 | 19. NRLX051298 |
| 7. NRLX051286 | 20. NRLX051299 |
| 8. NRLX051287 | 21. NRLX051300 |
| 9. NRLX051288 | 22. NRLX051301 |
| 10. NRLX051289 | 23. NRLX051302 |
| 11. NRLX051290 | 24. NRLX051303 |
| 12. NRLX051291 | 25. NRLX051304 |
| 13. NRLX051292 | 26. NRLX051305 |

STATE OF WASHINGTON, COUNTY OF KING TO WIT:

On this 25 day of August, 1997 before me personally appeared, Ronald Ostom and David Olson, to me personally known, who being by me duly sworn, says that they are the VP Logistics and Controller, respectively of Koch Fisher Mills, LLC, a Washington Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

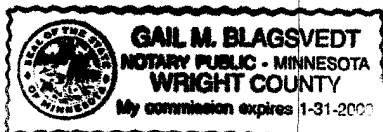
Sherrie L Roberts

Notary Public

My commission expires: 9-22-2000

STATE OF MINNESOTA, COUNTY OF WRIGHT TO WIT:

On this 29th day of Sept, 1997 before me personally appeared, L Lee Shuble and Russell S. Mays to me personally known, who being by me duly sworn, says that they are the V.P. Sales and Vice President, respectively of NorRail, Inc., a Minnesota Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Gail M Blagsvedt

Notary Public

My commission expires: 1/31/2000